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USUN FOR ELIZABETH WILCOX AND CAROLYN WILSON; IO/PSC FOR
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E.O. 12958: N/A

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SUBJECT: PARAGUAY: UNCTC VISIT LENDS MOMENTUM TO KEY
LEGISLATION

REF: ASUNCION 698

11. Summary. The visit by UNCTC Executive Director Javier Ruperez has lent new momentum to prospects for key legislation that will satisfy Paraguay's counterterrorism obligations. Upon conclusion of his trip, Ruperez ventured that we are at "the beginning of the end" in terms of Paraguay's prospects for adopting the necessary legislation. Post shares Ruperez' assessment that prospects for adoption are better now than ever. Key Congressmen are engaged and a media campaign on the ills of money laundering is in full swing. Ruperez delivered a clear message regarding Paraguay's obligations and key Paraguayan interlocutors committed themselves to action. At the end, though, the key will be follow-up. We have heard these promises before. It is essential that the UNCTC remain engaged reminding Paraguay of its commitments and the need for prompt action. End Summary.

Taking his Message to All Sectors

12. In the course of his visit to Paraguay 7/10-7/14, UNCTC Executive Director Ruperez met with a wide range of officials from Vice President Castiglioni and several Ministers, including FM Rachid and Minister of Industry and Commerce Raul Vera, to the President of the Supreme Court and key Congressmen, including the new President of the Congress and leaders of several of the political parties. He also met with members of the private sector, including business leaders and representatives of the Banking Association, civil society, including several NGOs, and the press. He consistently delivered the same message: Paraguay has assumed certain obligations to counter terrorism and it is past time for it to meet those obligations by adopting and implementing the necessary legislation.

Paraguayan Interlocutors Commit to Action

13. All of the governmental interlocutors with whom Ruperez met assured him of Paraguay's commitment to meet those obligations. Many also appealed for assistance particularly in the form of training to implement legislation. Sen. Bader Rachid, the President of the Legal Code Reform Commission, explained that he had agreed to incorporate language addressing money laundering and terrorism in the bills his

commission is preparing for Congressional review later this year. Ruperez expressed satisfaction with the draft bill that Rachid shared with him. Ruperez also met with the Sen. Gonzalez Quintana, the new President of the Senate, and several of the leaders of other political parties, who similarly expressed support for adopting necessary legislation. Supreme Court President Torres Kirmser and Fiscal General Ruben Candia expressed concern about a nascent violent leftist movement in the interior and tied this to the need to adopt proper legislation to meet this threat. The business community took on board the need for the AML and CT legislation. Recalling abuses under Stroessner, however, the NGOs with whom he met expressed some concern about prospects the government would abuse the authorities it would acquire by virtue of this legislation. Ruperez' activities were covered by the press.

Beginning of the End?

¶4. In his closing meeting with A/DCM, Ruperez surmised we may be at the beginning of the end in terms of Paraguay's efforts to meet its obligations. Rachid is looking to wrap up the work of the Penal Commission in the coming weeks. This Commission is about to conclude its work drafting a bill that establishes money laundering and terrorism as crimes and cites the penalties that apply. The work of the Procedural Commission, however, is still some months from concluding. It will include the procedures investigators and prosecutors can embrace in investigating these serious crimes. Separately, bills that create the institutions at the center of efforts to combat money laundering and terrorist financing will also have to be adopted. Rachid and his counterpart on

the Penal Code Reform Commission have pledged to support these last bills. Ruperez said that he would be prepared to consider providing training once these bills are adopted.

¶5. Comment. We share Ruperez' optimism with a healthy dose of caution. Prospects are better now than ever, but much work remains and several potential obstacles could still emerge. While two key Senators are pushing bills that contain provisions to meet Paraguay's counter terror obligations, those bills will be weighty and could spur some lengthy debate. Also, once we get to October, if the bills are not adopted by then, they may well get pushed off until next year, as Congress becomes almost singularly focused on budget discussions at that point. Ruperez' visit was important on both a substantive and symbolic level for reminding Paraguay of its international obligations. To reach closure on this issue, however, follow up on the part of the UNCTC will be essential either in the form of a follow up visit and/or the requirement that Paraguay deliver a report on its efforts by a certain date -- i.e. September 30.
End Comment.

¶6. Post thanks Department's Caroline Croft (WHA/BSC), Betsy Fitzgerald (IO/PSC) and Eric Rosand (S/CT) and USUN's Carolyn Wilson and Elizabeth Wilcox for making this visit happen. This well timed, well-executed trip has lent new momentum to post's own efforts to get this legislation adopted advancing in the process a major USG counterterror objective.

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